

January 9, 2009

TO: Chairman Essmann & Members of the State Senate Taxation Cmte

FR: Tom Bilodeau, MEA-MFT Research *TB*

RE: SB12 – Opposition to redistribution of interest earnings on oil & gas production revenues to counties

MEA-MFT opposes the redistribution of interest earnings on oil & gas production revenues to counties as proposed by SB12 (Senator Steinbeisser.)

In a period of revenue flattening and some cases decline, the unequalized expansion of oil and gas revenue re-distribution to counties:

- reduces state general fund by nearly \$1.3m during the coming biennium and potentially by nearly a million dollars per year thereafter;
- further disequalizes revenue availability to fund all county and local government units by the fortuity and volatility of oil and gas price and production;
- exacerbates existing "special treatment" provisions of law for oil and gas relating to the "flat-tax/hold-harmless" provisions of HB28 (1989) and a variety of new and old tax holiday periods;
- imposes an unnecessary staff time (400 hours) and software revision cost on the Department of Revenue; and
- effectively forces the Board of Investments to sell oil/gas investments in STIP on a quarterly basis rather than based on best and most prudent money management and investment practice.

MEA-MFT urges members of the Committee in "vote no" on SB12 when it comes before you for Executive Action.

c: Senator Steinbeisser  
Department of Revenue